

# **Advancing Homeownership**

## **March 2006**



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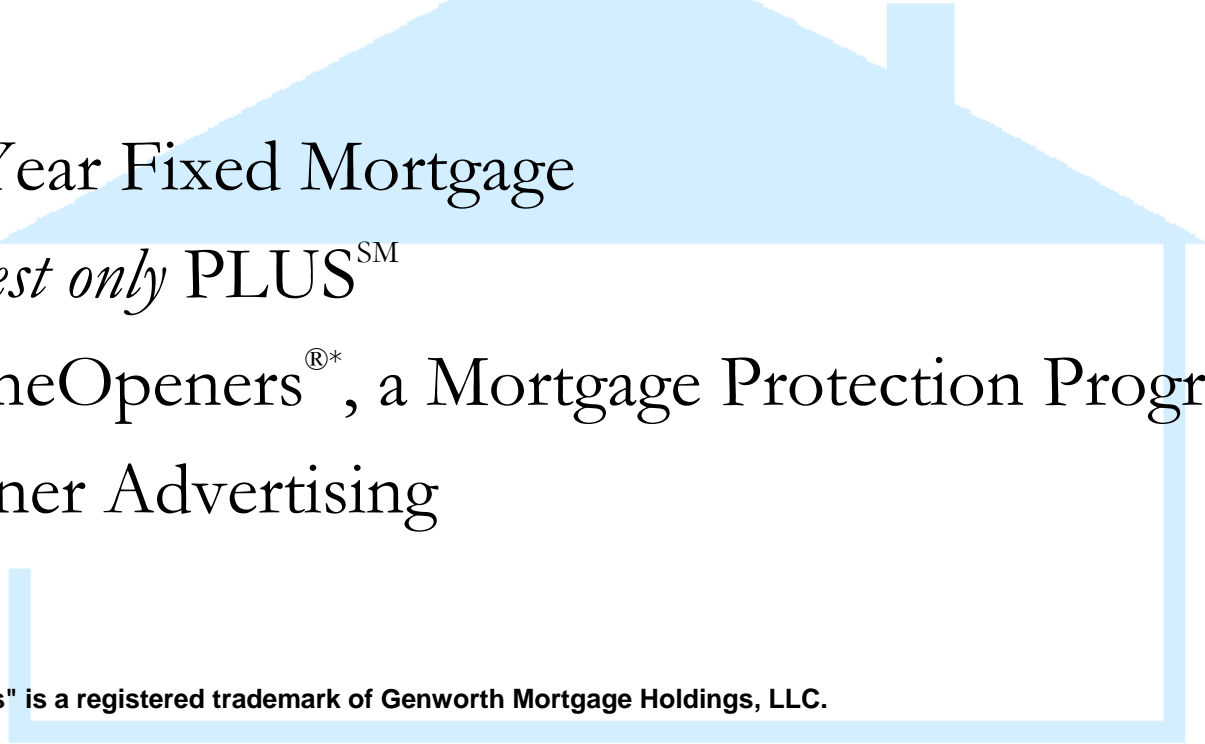
## Mission

*Finance below market rate loans to create safe, decent and affordable rental housing and to assist first-time homebuyers in achieving the dream of homeownership.*



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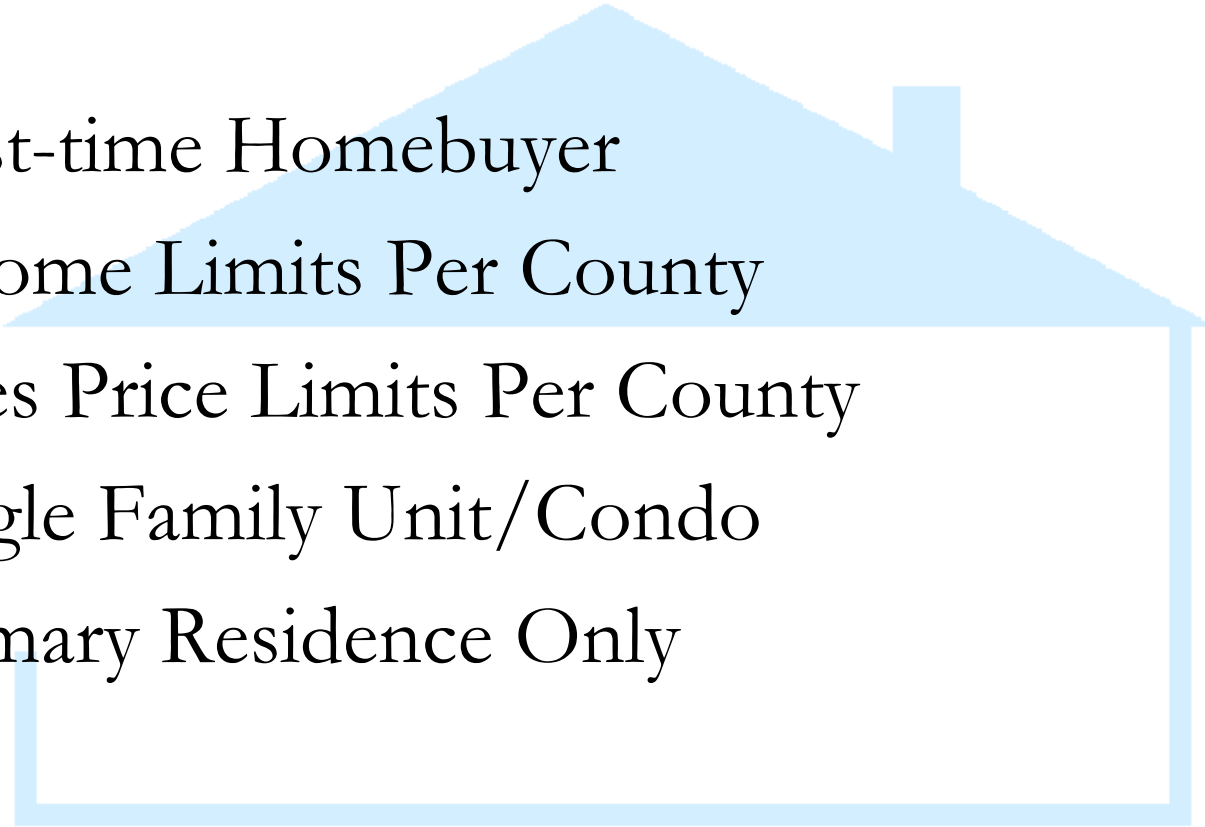
# Innovative New Homeownership Programs

- 
- 40-Year Fixed Mortgage
  - *interest only* PLUS<sup>SM</sup>
  - HomeOpeners<sup>®\*</sup>, a Mortgage Protection Program
  - Partner Advertising

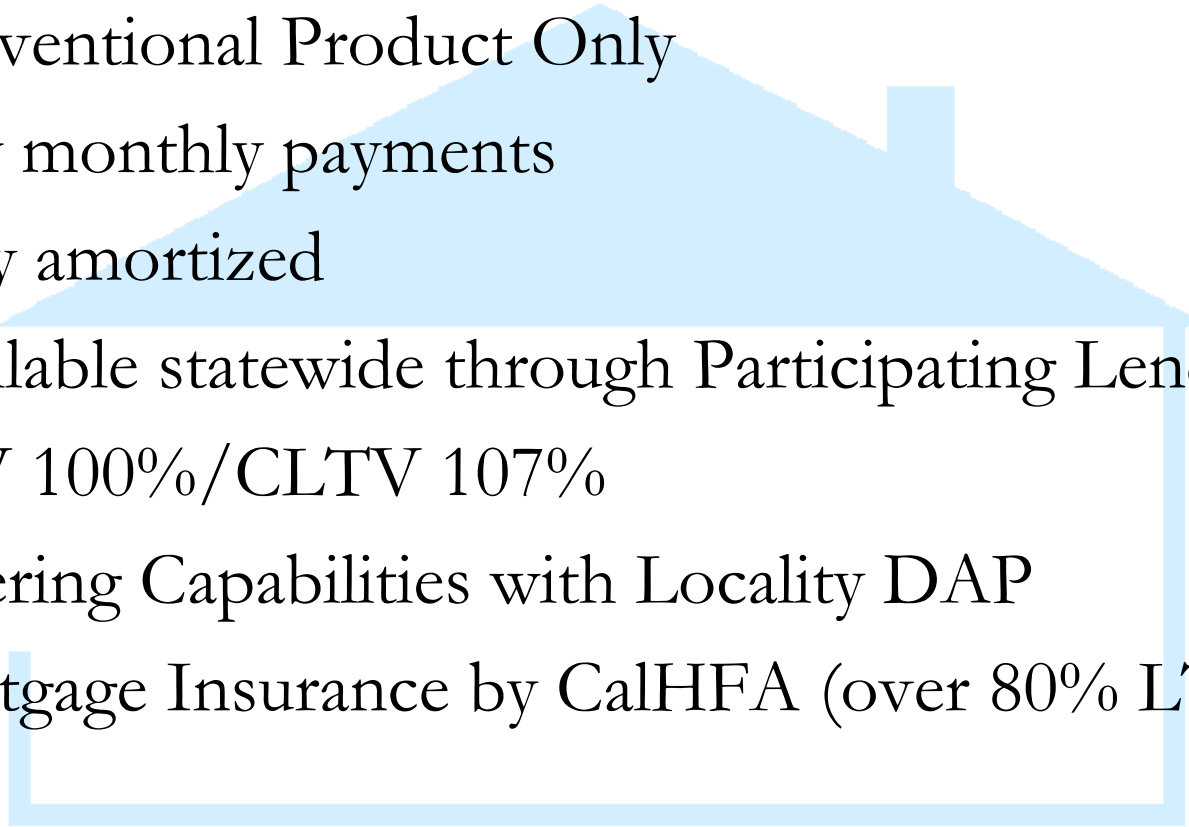
\*"HomeOpeners" is a registered trademark of Genworth Mortgage Holdings, LLC.

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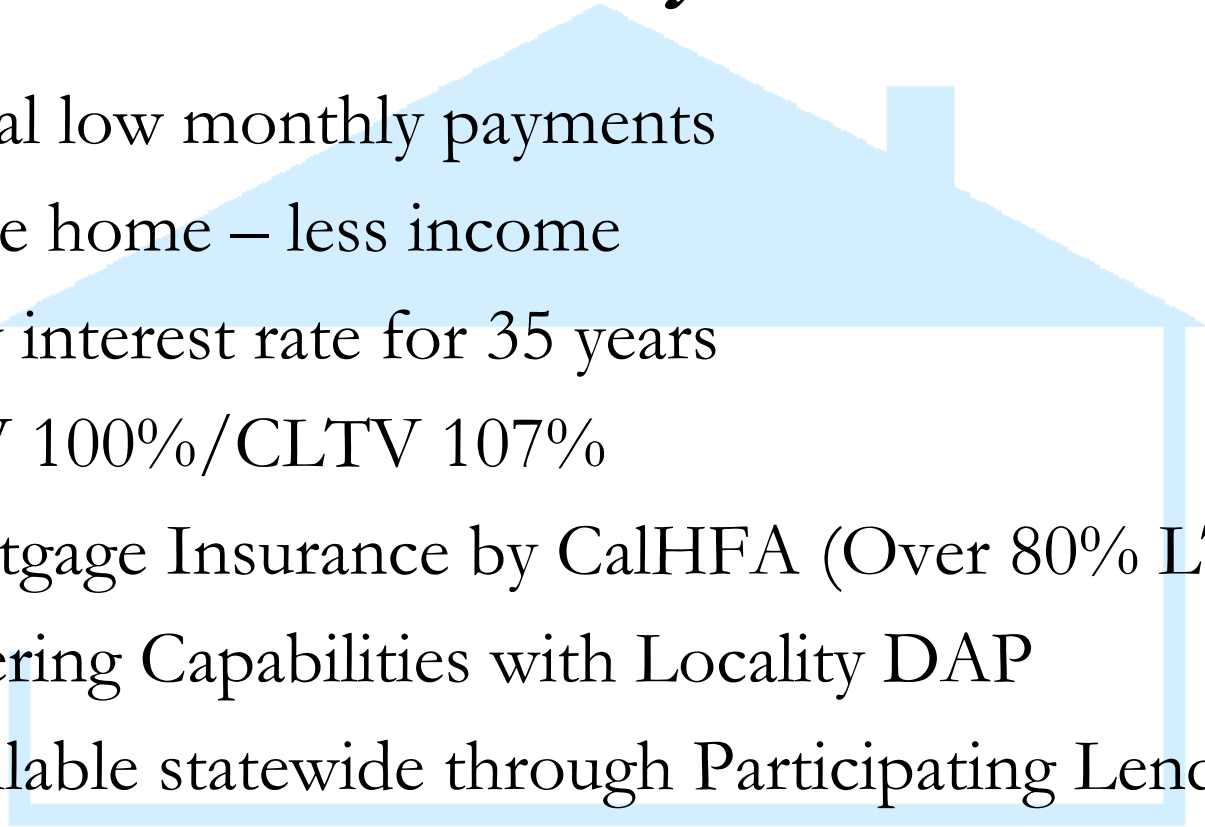
# CalHFA Eligibility Overview

- 
- First-time Homebuyer
  - Income Limits Per County
  - Sales Price Limits Per County
  - Single Family Unit/Condo
  - Primary Residence Only

## **40-Year Fixed Mortgage**

- 
- Conventional Product Only
  - Low monthly payments
  - Fully amortized
  - Available statewide through Participating Lenders
  - LTV 100%/CLTV 107%
  - Layering Capabilities with Locality DAP
  - Mortgage Insurance by CalHFA (over 80% LTV)

## *interest only* PLUS

- 
- Initial low monthly payments
  - More home – less income
  - Low interest rate for 35 years
  - LTV 100%/CLTV 107%
  - Mortgage Insurance by CalHFA (Over 80% LTV)
  - Layering Capabilities with Locality DAP
  - Available statewide through Participating Lenders

## 30-Year Fixed Mortgage

- 
- 100% Fully Amortized Financing
  - Low Interest Rates
  - CLTV 107%
  - Available statewide through Participating Lenders
  - Mortgage Insurance by CalHFA (Over 80% LTV)

# Comparison of Monthly Payments

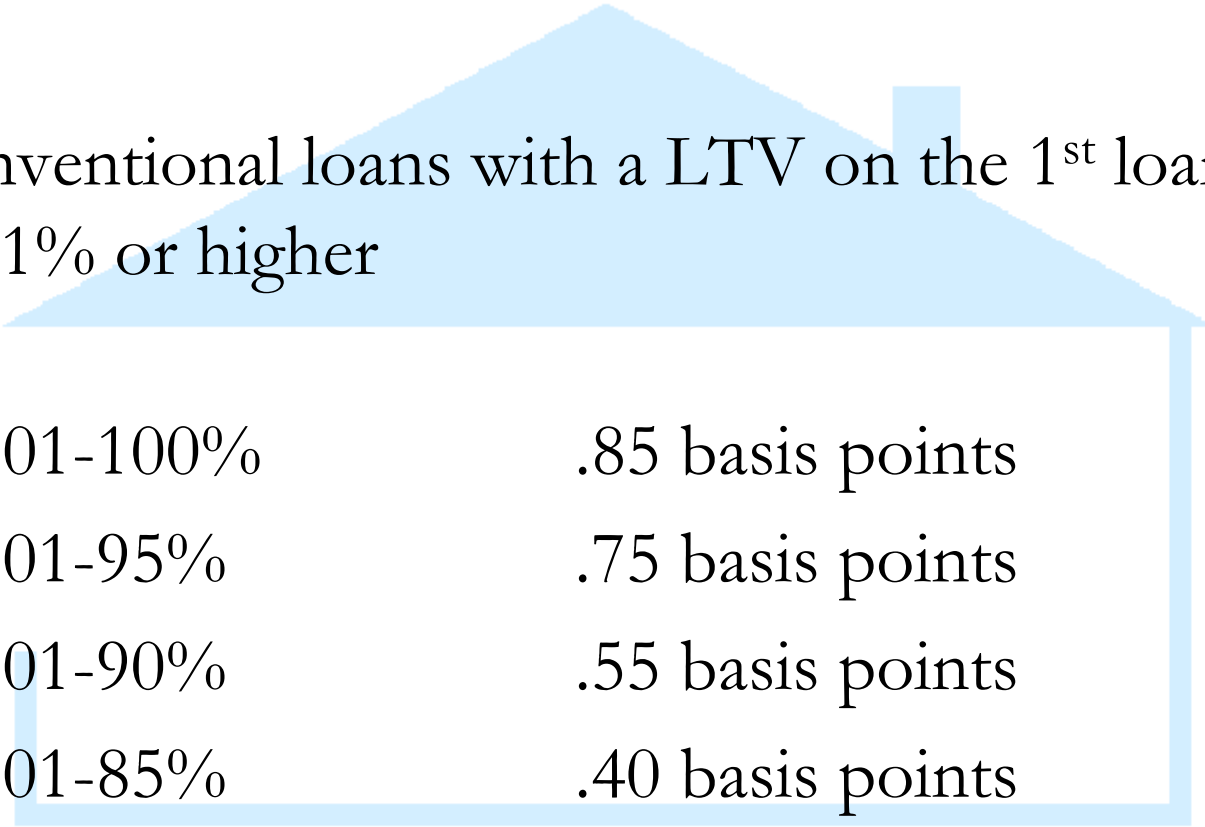
<b>CalHFA Products</b> <b>Example:</b> \$300,000 Sales Price and \$300,000 Loan Amount Assume 100% LTV				
<b>Conventional Loan</b>			<b><i>interest only PLUS</i></b>	
	<b><i>30-Year</i></b>	<b><i>40-Year</i></b>		
Interest Rate*	5.625%*	5.75%*	Interest Rate	5.875%*
Initial Payment*	\$2,339	\$2,211	Initial Payment*	\$2,081
Payment Difference		\$ 128		\$ 258
<small>*Interest rate is for comparison only. Contact CalHFA at <a href="http://www.calhfa.ca.gov">www.calhfa.ca.gov</a> for current rates and approved lenders. Payment comparisons include only principal, interest, taxes, and insurance. Amount: \$300,000; Term: 30 years; 5.625% sample interest rate, 6.4792% APR includes lender fees and insurance; Est. monthly payment: \$2,339.47 includes principal, interest, taxes and insurance. Amount: \$300,000; Term: 35 years; 5.875% sample interest rate; 6.7768% APR includes lender fees and insurance; Est. monthly payment: \$2,081.25 includes interest, taxes and insurance; Yrs. 6-35: \$2,387.12 includes principal, interest, taxes and insurance. Amount: \$300,000; Term: 40 years; 5.750% sample interest rate, 6.6634% APR includes lender fees and insurance; Est. monthly payment: \$2,211.17 includes principal, interest, taxes and insurance.</small>				

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# CalHFA Mortgage Insurance Pricing

All conventional loans with a LTV on the 1<sup>st</sup> loan of 80.01% or higher

- 
- |              |                  |
|--------------|------------------|
| • 95.01-100% | .85 basis points |
| • 90.01-95%  | .75 basis points |
| • 85.01-90%  | .55 basis points |
| • 80.01-85%  | .40 basis points |



**If borrower becomes involuntarily unemployed:**

- 6 months' coverage up to \$2,500 per month
- Up to 5 years coverage as long as mortgage insurance is in place
- Not applicable to seasonal workers
- No additional cost to the borrower

# Underwriting Guidelines

## Automated Underwriting

- Fannie Mae DU System  
Approved / Eligible or  
Approved / Ineligible
- Freddie Mac Loan Prospector LP System  
Accept

# Underwriting Guidelines

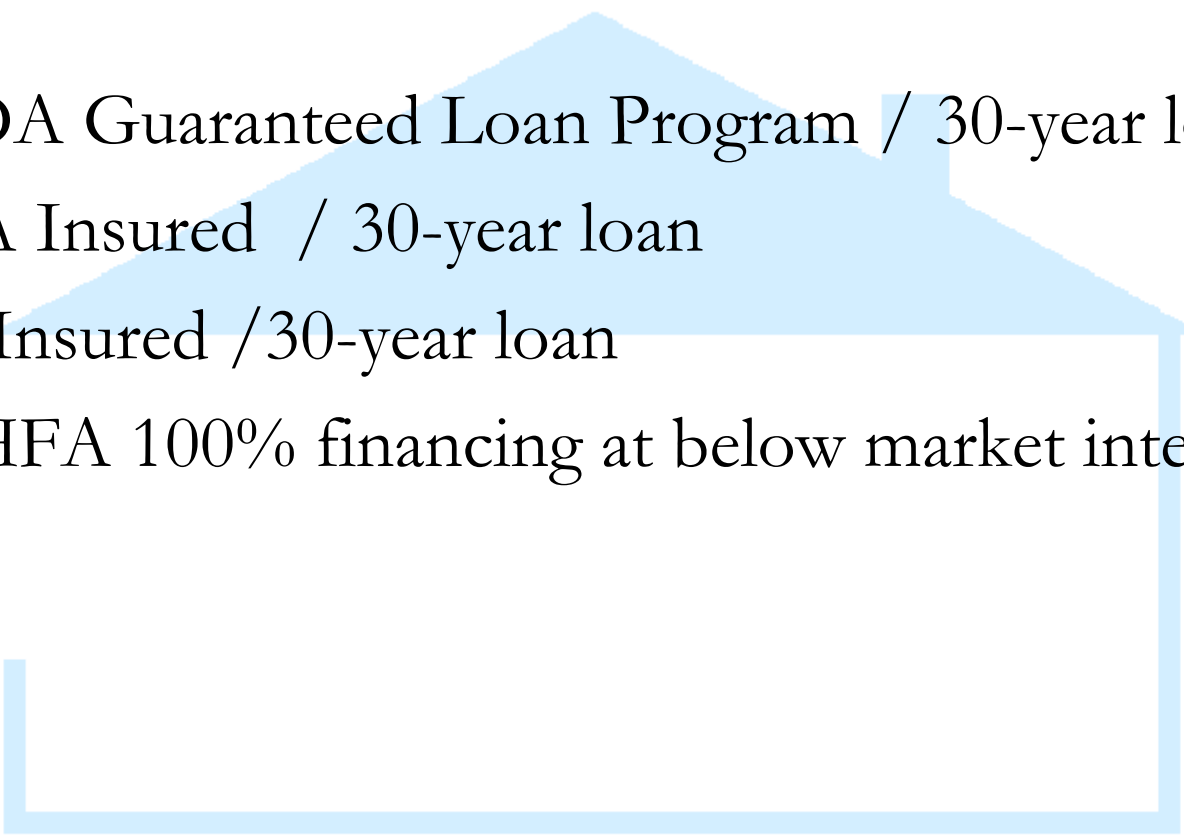
## Manual Underwrite

- 620 FICO minimum score
- 45% backend debt ratio
- 2 months reserves

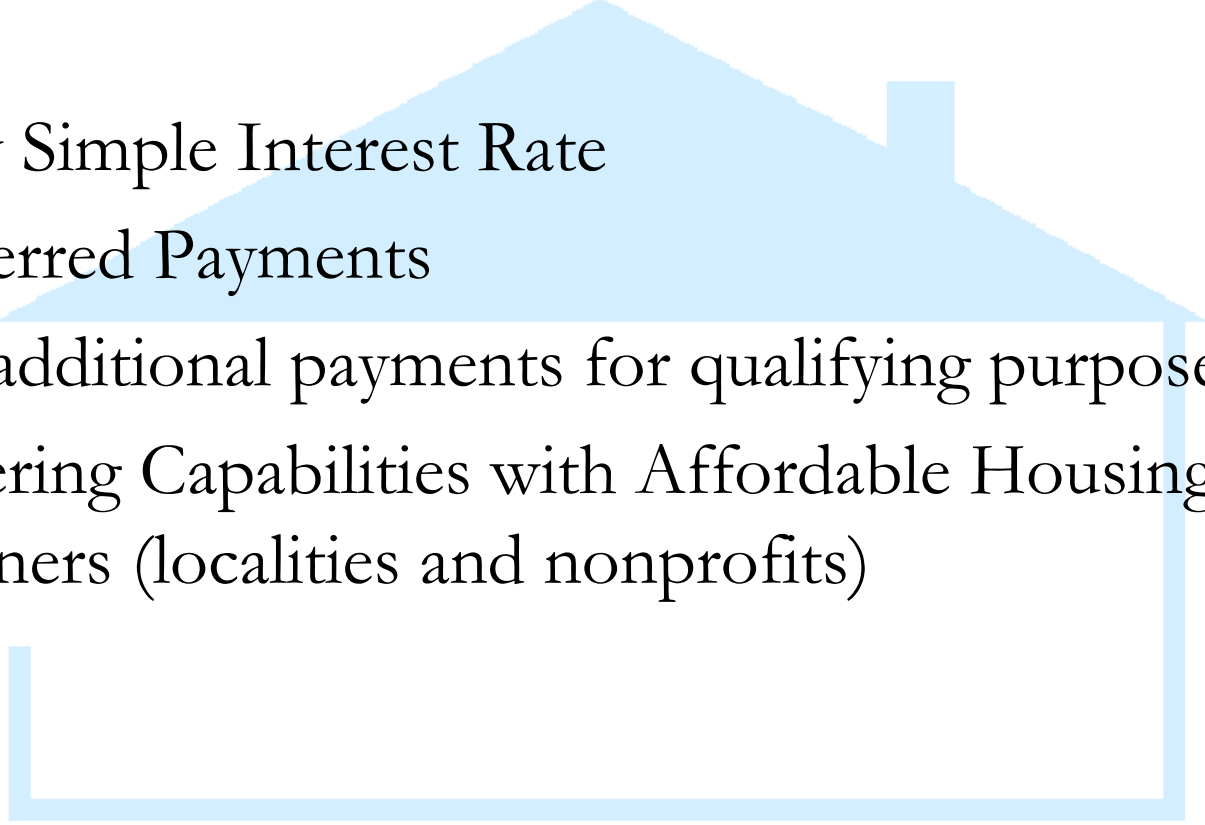
## Alternative Credit

- 3 trade lines with a 12 month on time payment rating (utilities, verification of rent, insurance and cell phone)

# Government Insured Loan Programs

- 
- USDA Guaranteed Loan Program / 30-year loan
  - FHA Insured / 30-year loan
  - VA Insured / 30-year loan
  - CalHFA 100% financing at below market interest rate

# Down Payment Programs

- 
- Low Simple Interest Rate
  - Deferred Payments
  - No additional payments for qualifying purposes
  - Layering Capabilities with Affordable Housing Partners (localities and nonprofits)

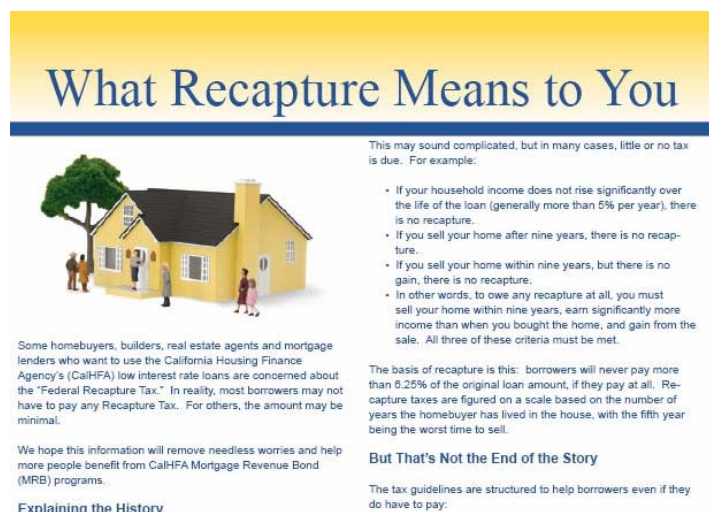
# **Down Payment Assistance Programs**

- CalHFA Housing Assistance Program (CHAP) for FHA loans
- High Cost Area Home Purchase Assistance Program (HiCAP)
- California Homebuyer's Downpayment Assistance Program (CHDAP)
- Homeownership In Revitalization Areas Program (HIRAP)
- School Facility Fee Down Payment Assistance Program (SFF)
- Extra Credit Teacher Program (ECTP)
- Affordable Housing Partnership Program (AHPP)

# Marketing Support

## Publications

- Builder Magazine
- Realtor Magazine
- Real Estate Book (Statewide)
- Homes and Land (Statewide)



### What Recapture Means to You

This may sound complicated, but in many cases, little or no tax is due. For example:

- If your household income does not rise significantly over the life of the loan (generally more than 5% per year), there is no recapture.
- If you sell your home after nine years, there is no recapture.
- If you sell your home within nine years, but there is no gain, there is no recapture.
- In other words, to owe any recapture at all, you must sell your home within nine years, earn significantly more income than when you bought the home, and gain from the sale. All three of these criteria must be met.

The basis of recapture is this: borrowers will never pay more than 0.25% of the original loan amount, if they pay at all. Recapture taxes are figured on a scale based on the number of years the homebuyer has lived in the house, with the fifth year being the worst time to sell.

**But That's Not the End of the Story**

The tax guidelines are structured to help borrowers even if they do have to pay:

Some homebuyers, builders, real estate agents and mortgage lenders who want to use the California Housing Finance Agency's (CalHFA) low interest rate loans are concerned about the "Federal Recapture Tax." In reality, most borrowers may not have to pay any Recapture Tax. For others, the amount may be minimal.

We hope this information will remove needless worries and help more people benefit from CalHFA Mortgage Revenue Bond (MRB) programs.

Explaining the History



All materials are available for download on our web site!

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## How to Reach Us

California Housing Finance Agency  
(CalHFA)

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